



# Health IT & Electronic Prescribing:

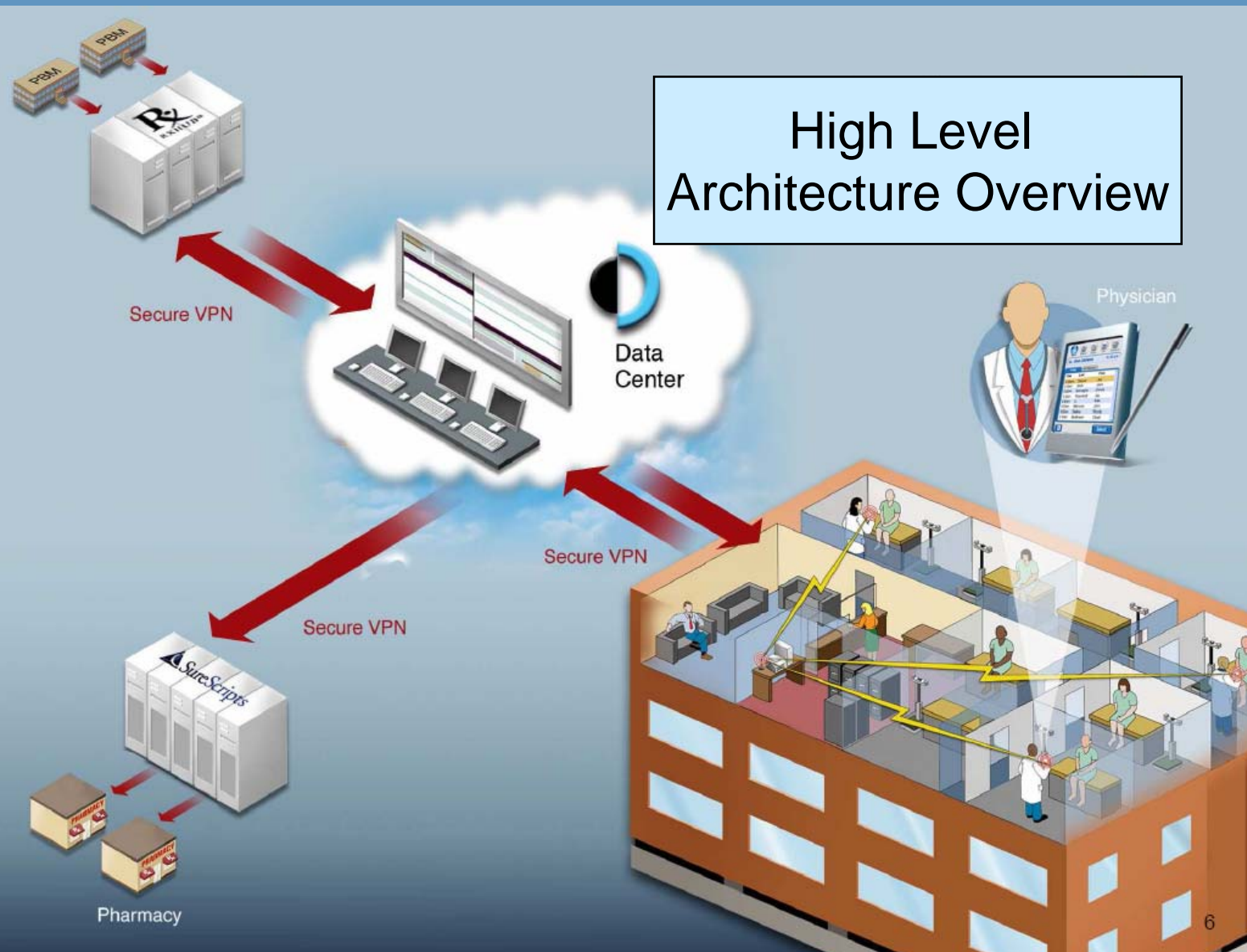
Defining Value and Developing Opportunities to Scale Broadly

*Improving health care for CalPERS members and all Californians*

# E-Prescribing: What is it?

Product/Service	Definition	Value Generation
<b>E-Prescribing</b>	<p>E-Prescribing is the data, infrastructure, connectivity, and software which enables physicians to prescribe drugs electronically</p> <p>E-prescribing offers intelligence to help physicians become aware of best prescribing patterns for greater safety and efficiency</p> <p>E-Prescribing offers access to data sources which enables physicians to have a more complete view of patients drug regimen</p>	<p>Physicians increase generic use rates and therapeutic substitutions which reduce the cost of pharmaceuticals for patients and employers (2%-10% gains seen in pilots)</p> <p>Computer programs interact with PBM data and clinical data to provide safety alerts which decrease adverse drug reactions</p> <p>Electronic functions allow increased physician office efficiency for routine functions such as refills</p>

# How Does E-Prescribing Work?



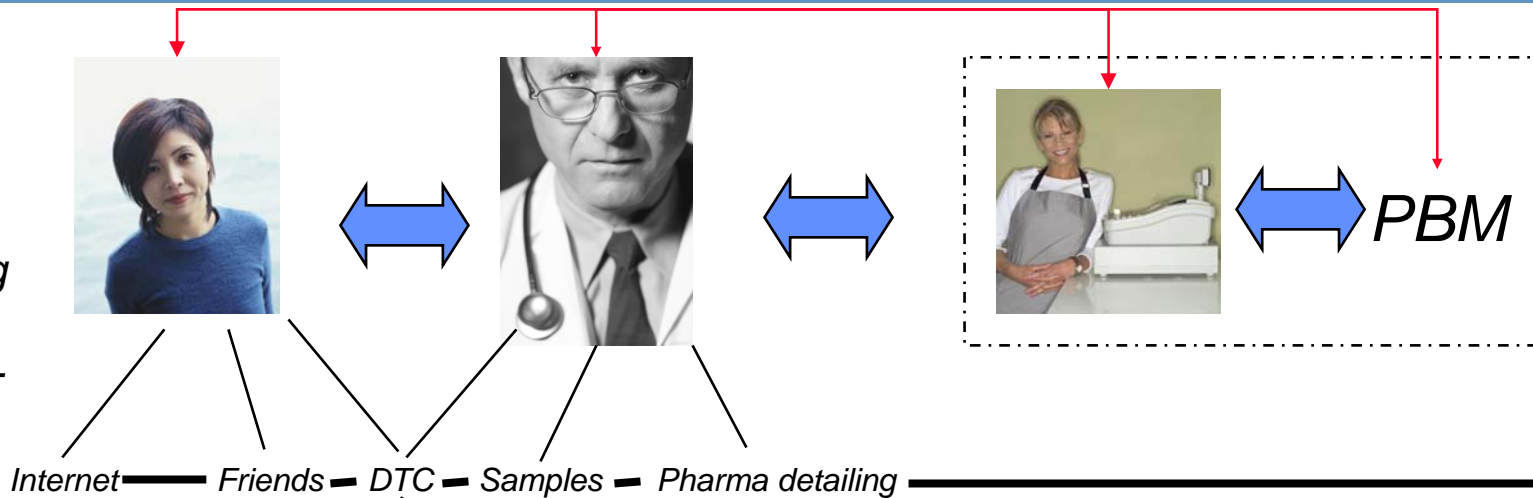
RXHub-SureScripts provides drug history, eligibility and formulary status information on over 15 million Californians. It also provides linkages to over 3920 retail and mail order pharmacies.

In 2007, over 500,000 patient records were delivered to physicians through 20 vendors connected to this network.

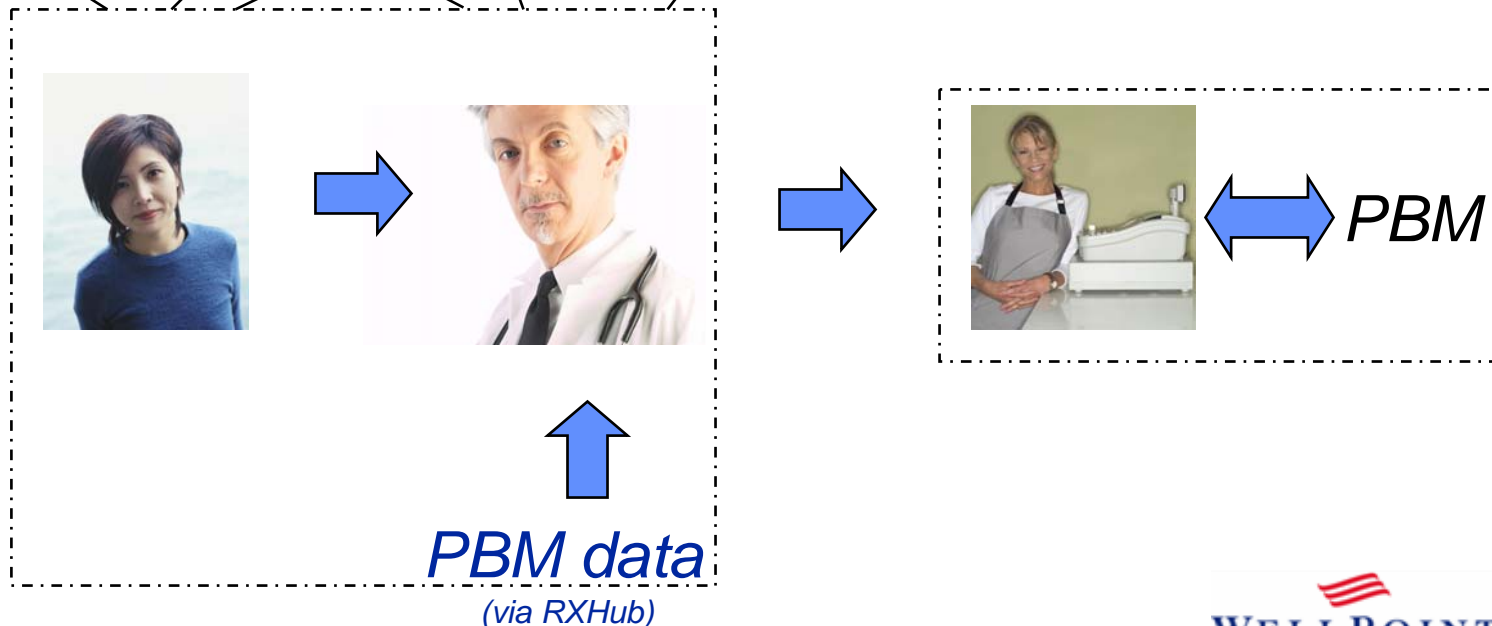
Anthem & Medco have enterprise connectivity amongst others

# Physician-Patient Gains Via E-prescribing

*Before RXHub,  
Information  
changes  
decisions after  
the fact, resulting  
in re-work, dis-  
satisfaction, sub-  
optimal results*



*After RXHUB,  
PBM derived  
information  
enables the best  
decisions AT THE  
POINT OF CARE  
IN THE POINT  
OF TIME they are  
made*



# E-Prescribing: Proof of Value Generation

## Type of Support

## Products/Services

## Value Generation

### Projections or reports on potential

Milliman Study: "Targeted Drug Cost Management and the Potential Impact of E-Prescribing"

WellPoint analytics

- Upper bound of generic opportunity felt to be ~70%
- Value estimated at up to 8% -15% savings depending on restrictiveness of formulary and baseline generic use rates
- E-Prescribing pilots demonstrate a 20-30% no first fill rate representing compelling patient compliance opportunity
- WellPoint analytics show increased patient compliance significant predictor of lower total cost of care

### Real World Experiences\*

WellPoint's Ohio E-Prescribing Pilot

BCBS Mass pilot with over 3,000,000 prescriptions written, 3400 doctors

Affinity Health Systems report in Journal of Managed Care Pharmacy

- WellPoint experienced a 1-2% increase in generic use rates amongst physicians already achieving a 61% generic use rate. Some contracted groups in the mid 70% range
- BCBSMass Actuarial reports 1.5% decrease in total drug spending (new scripts & refills); 4000 prescriptions cancelled each month
- Controlled trial of commercially available E prescribing software results in average prescription cost of \$4.12 lower than control group resulting in \$.57PMPM savings

# WellPoint Approach: WellPoint 2010

## Vision

WellPoint will **transform** health care and become the most valued company in our industry

## Implication:

**Transformation** requires WellPoint to effectively address health care's primary challenges; cost, quality, and safety

## Mission

Improve the lives of the people we serve and the health of our **communities**

## Implication:

**Community** orientation requires WellPoint to offer multi payer solutions (like Health I.T.) that still create business gain

## **Differentiating Strategies**

Most trusted choice for consumers  
Leader in affordable quality care

## Implication:

**Differentiation** requires WellPoint to provide value generating solutions other plans are not.

WellPoint 2010 is a corporate aspiration we have been working on for over 2 years  
Health IT is fundamental to its realization

# WellPoint Experiences--

- **Ohio Pilot– 2006-2007**
  - Anthem made available to 100 physicians free desktop computers with free lab order entry and results reporting, free E-Prescribing
    - ~1-2% generic use gain
    - Good utilization (~125 scripts/month)
    - Average xx drug safety alerts/month
- **National E-Prescribing Patient Safety Program– 2007-2008**
  - WellPoint national sponsor making E-Prescribing available for free to any physician who wants it
  - Partnership with Sprint allowing a free web enabled smart phone with E-Prescribing access and WellPoint corporate discounts extended to individual physicians and groups in select markets
    - Over 8000 physicians using systems generating over 1.5 million E-scripts in 2007
    - Over 3200 physicians in California using system
- **The Individual Health Record– 2007-2008**
  - Flagship program providing state of the art electronic health record, E-Prescribing, and Personal Health Record
    - 70% use rate for first employer group using system
    - High rates of physician enthusiasm and support for project

# New Program Opportunities for California

***Congress has passed the Medicare Payment Act of 2008 which creates compelling but time limited financial incentives for physicians to adopt Health I.T.***



## E-Prescribing incentives

Physicians who adopt E-Prescribing will receive--

- For 2009 and 2010, 2% increase to fee schedule
- For 2011 and 2012, 1% increase
- For 2013, .5% increase

Physicians who do not adopt E-Prescribing will receive--

- For 2012, a 1% reduction
- For 2013, a 1.5% reduction
- For 2014 and ongoing, a 2% reduction

***These new incentives are in addition to the previous 2% incentive available to physicians who report quality scores to CMS. A total 4% incentive when combined with Anthem incentives and available solutions may be enough to move adoption rates.***



# CalPERS-Anthem-Medco Planning Activities

- Patrick Robinson has led a collaborative process with CalPERS health benefits administrators to identify potential pilot locations
  - Blue Cross profiled the leading medical groups in the state (by Blue Cross PPO data) to identify medical groups that could improve their performance via E-Rx
  - Medco provided to Blue Cross pharmacy visit volume by DEA for CalPERS members
  - Blue Cross cross-matched our target groups with CalPERS membership to identify preferred groups that would both gain in performance and see meaningful numbers of CalPERS members
  - Blue Cross has shared the list with Blue Shield for further analysis for key group opportunities from a CalPERS and community wide perspective

# Potential Next Steps

## Define Program and Resources

- Define program participants
- Define components of program (Communications, Models, Incentives, Role of Hospitals, Finances, Designations)
- Identify partner vendors to deploy actual solutions to physician offices
- Evaluate impact of CMS incentives

## Finalize Physicians & Medical Groups

- Finalize list of potential physician groups
- Approach select physician groups about program participation
- Launch pilot program in early 2009

## Strategic Evolution

- Develop resources and capabilities to scale solution throughout state
- Develop strategy to use E-Prescribing as a gateway to broader Health IT adoption